

California Bankers Association Bank Presidents Seminar

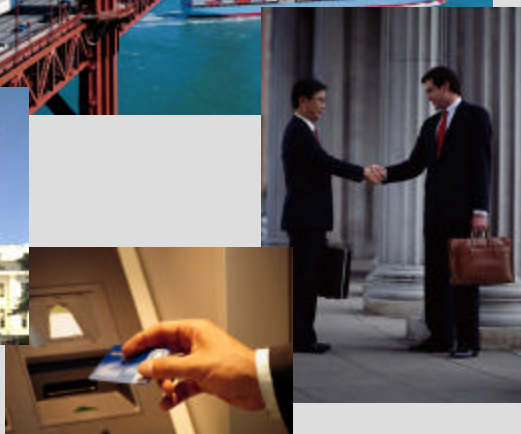
Donald R. Meyer
Commissioner of Financial Institutions
Department of Financial Institutions
January 12, 2002
Santa Barbara, California



"I see myself going into some form of public service, like banking."



STATE OF CALIFORNIA
Business, Transportation and Housing Agency
Department of Financial Institutions



DFI is ...

“Looking to the Future”

Our mission and responsibility is to regulate safety and soundness to maintain public confidence and facilitate a strong financial services system.

Financial Institution Overview— 1999 to YTD 2001

I. Number of Institutions

Commercial banks	1999	2000	2001
State-chartered banks at yearend	215	202	196
De novo state banks opened during the year	8	5	8
Conversions to state banks during the year	7	-	1
National banks at yearend	87	82	84
De novo national banks opened during the year	2	3	8
Conversions to national banks at yearend	-	1	-
Credit unions			
State-chartered credit unions at yearend	208	215	217
Conversions to state charter	18	13	7
Federal credit unions at yearend	476	436	418
Conversions to federal charter	-	-	-
Industrial banks			
Industrial banks at yearend	23	22	21
New industrial banks opened	-	-	-
Trust companies			
Trust companies at yearend	21	20	15
New trust companies opened	-	-	-
Savings and loan associations			
Savings and loan associations at yearend	6	4	1
New savings and loan associations opened	-	-	-

Financial Institution Overview— 1999 to YTD 2001

I. Number of Institutions (continued)

Foreign (other nation) bank agencies/branches			
Foreign banks with state agencies/branches at yearend	57	54	49
New agencies/branches opened	1	1	-
Foreign banks with federal agencies/branches	10	8	8
New agencies/branches opened	-	-	-
Foreign (other nation) bank representative offices			
Foreign banks with representative offices at yearend	25	23	18
New representative offices opened	6	6	-
Foreign (other state) bank facilities offices			
Foreign (other state) banks with facilities at yearend	43	42	36
New facility offices opened	1	1	3
Premium finance companies			
Premium finance companies at yearend	74	72	68
New premium finance companies opened	4	2	3

December 31, 2001

Financial Institution Overview— 1999 to YTD 2001

I. Number of Institutions (continued)

Transmitters of money abroad	1999	2000	2001
Transmitters of money abroad at yearend	48	53	55
New transmitters of money abroad opened	6	5	3
Issuers of payment instruments			
Issuers of payment instruments at yearend	12	11	10
New issuers of payment instruments opened	2	1	-
Issuers of travelers checks			
Travelers check issuers at yearend	7	6	5
New issuer of travelers checks opened	-	-	-
Business and Industrial Development Corporations (BIDCOs)			
BIDCOs	1	1	2
New BIDCOs opened during the year	1	1	1

December 31, 2001

Financial Institution Overview— 1999 to YTD 2001

II. Total Assets (in millions of dollars)

Type of Institution	12/31/99	12/31/00	9/30/01*
Commercial banks			
State-chartered banks	\$113,363.2	\$124,053.6	\$131,293.5
National banks	163,449.5	173,492.1	198,632.3
Credit unions			
State-chartered credit unions	27,726.9	35,812.8	40,108.7**
Federal credit unions	32,690.7	30,266.1	33,029.6**
Industrial banks	9,933.9	10,934.1	11,389.8
Savings and loan associations	2,631.7	2,161.1	488.4
Foreign Banks			
State-chartered agencies and branches of foreign banks	27,408.4	25,528.7	19,242.4
Federal agencies and branches of foreign banks	1,085.0	953.7	N/A
Trust companies	591.4	632.2	586.2
Premium finance companies	285.2	215.8	N/A

NA Not available

* Except as indicated

** as of 6/30/01

December 31, 2001



Our annual budget is \$18,399,000

Financial Institutions Fund	\$15,596,000
Local Agency Deposit Fund	\$317,000
Credit Unions Fund	\$2,486,000

All of the revenues to fund the Department's operating budget are derived from the fees paid to it by state-chartered institutions. We supervise 730 (including 202 banks, 216 credit unions) financial institutions. The assets of these institutions total over \$198 billion. DFI was originally established in 1909 as the California State Banking Department. Almost 60 percent of our Department's 218 full-time employees are examiners.

Safety & Soundness

Accredited

Education

Consumer Services



DFI is Safety & Soundness

This is accomplished by supervision; encouraging observance of sound banking and business practices as well as by performing financial examinations of licensees

DFI maintains a comprehensive program of on-site examinations of licensees to verify financial condition and monitor methods of operation.

Off-site review is accomplished through the filing and analysis of comprehensive financial and operational reports.

DFI coordinates examinations with the federal regulatory agencies.

DFI is Accredited

The Department remains accredited by the Conference of State Bank Supervisors (CSBS). DFI was first accredited in 1990, and currently supervises 202 commercial banks, 22 industrial banks, 18 non-deposit trust companies and 54 foreign agencies and foreign branches with total commercial bank assets of approximately \$124 billion. The Department will be subject to an annual self assessment and an on site re-accreditation every five years by representatives of CSBS.

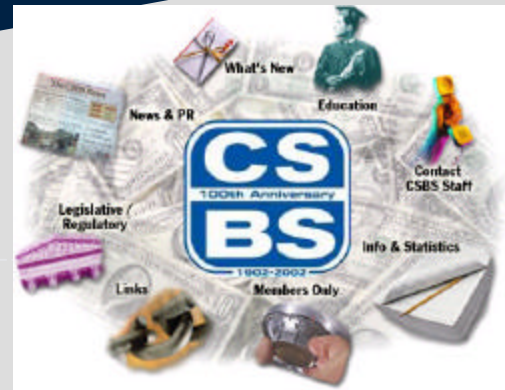
During 2000, DFI was re-accredited by the National Association of State Credit Union Supervisors (NASCUS). The Department was first accredited in 1999, and currently supervises 216 credit unions with total assets of approximately \$35.8 billion as of yearend 2000.

DFI is Goal Driven

Propose changes to the laws and regulations.

- ♦ **Research and propose changes which will enhance the California state charter**
- ♦ **Revisit and improve examination and application procedures**
- ♦ **Maintain a pool of well-trained examiners**
- ♦ **Obtain and maintain our accreditation with CSBS and NASCUS**

Professional



Quality

NASCUS

Excellence

DFI is Excellence

- The annual Quality Assurance Survey is part of DFI's ongoing effort to ensure excellence. The needs of our licensees are important to us; we aim to meet their needs. Survey responses and comments are used to evaluate and improve the examination process.
- Four internal task forces were established to focus on issues related to the Internet/Online Services, International Banking, Trust Companies, Transmitters of Money Abroad, and Consumer Information.

DFI is Professional

People are the most important resource of any organization. We have worked hard to fill vacancies - a year ago, DFI's vacancy rate was almost 20 percent.

Our staff is committed to providing quality customer service -- to the industries we regulate and the consumers of financial services. We look for every opportunity to be more effective and efficient.

DFI aims to meet the challenges of the future with a highly skilled and experienced staff to ensure *safety and soundness*. We held our first *all staff* department training conference, "Looking to the Future" at the Asilomar State Training Center in August, 2001.

DFI is Quality

DFI continues to emphasize training and the professional development of our staff, looking for every opportunity to be more effective and efficient. DFI professionals have completed

- ◆ 15,824 hours of training
- ◆ 1,073 courses

We are proud to have

- ◆ 13 CPAs
- ◆ 39 CSBS certifications
- ◆ 5 graduates of national banking schools

Training sponsors included CSBS, FDIC, FRS, NCUA, CCUL, NASCUS, California CPA Education Foundation, and the California State Training Center.

Shaping policy

Vision



Credit Union Advisory Committee

Streamlining regulations

DFI is Vision

Develop business systems that meet the changing needs of our institutions, our employees, and the public.

New opportunities for expanding our role as federal legislation takes down the barriers for financial institutions. More products and services. New opportunities in the area of online banking. Mergers, conversions, expansions.

DFI's professional reputation increasing as an expert and leader in the financial industry.

DFI is shaping policy and streamlining regulation

DFI made substantial changes to the industrial bank law (which hadn't been updated since the 50s) through the sponsorship of SB2148; streamlining the law and removing detailed regulations while at the same time subjecting them to an overall framework of "safety and soundness".

DFI adopts from time to time parity regulations to ensure that state banks operate on an equal basis with national banks doing business in California.

We are currently proposing legislation to enable the closing of a credit union promptly when the public interest is at risk, and legislation to change the way insurance premium finance companies are regulated.

DFI is shaping policy and streamlining regulation

We are proposing the adoption of regulations applicable to transmitters of money abroad and their agents, which will:

- Establish application requirements and procedures to add transparency to the application process for applicants, and ensure that the Department has all necessary and relevant information to decide applications.
- Establish record keeping and reporting requirements, which will enhance the Department's ability to execute its regulatory function.
- Establish requirements are intended to ensure that consumers have important information relevant to their transactions with licensees.

Customer Service



Technology



Community

DFI is Customer Service



DFI continues to become more efficient and effective by providing new and improved services for the consumer. Our Consumer Assistance program is available to assist consumers with questions or concerns about an institutions chartered by the DFI.

DFI has new consumer education publications

- Consumer brochure
- Tips for Financial Transactions

An improved toll free number (1-800-622-0620) assists consumers, now with a Spanish language voice mailbox. In addition, we are hiring bilingual staff to assist with consumer services.

DFI is Technology

The Department continues to enhance its Internet and Intranet as a means of compiling, managing and sharing information and data. Recently, we used the Internet to receive quality survey results from our licensees. Approximately 50% of the respondents choose to use on-line submission. We are using technology to improve customer service and access to information and services:

- consumer complaint forms are available online
- along with many other departmental forms
- links to directories of over 700 licensees
- links to national regulators
- news - hot topics
- research assistance - links to CA Financial Code, Regulations, regulatory developments, and legislation

DFI is Community

We are reaching out to the community by collaborating with other agencies and organizations on consumer awareness/protection activities. We are spreading the word on the importance of financial literacy by creating and sharing new materials that will help educate and protect consumers. All of you are invited to get involved and make a difference.

We have been sensitive to community needs for financial services. For example, one small, remote community was faced with losing its only bank. The department expedited the approval of another bank opening a new branch. That meant the tiny town would have a local bank and access to financial services.

We have also been a part of opening credit union branches in underserved communities.

DFI Featured News

Visit our Featured News page on our Web site. We post “hot issue” and links to important industry information, such as:

- [Governor Davis Urges Consumers to be on the Lookout for Predatory Lenders - *California Consumers Warned to Beware of Unlawful and Unethical Lending Practices*](#)
- [Financial Education Curriculum - *FDIC Money Smart*](#)
- [NCUA Offers Pamphlet - *How to Avoid Becoming a Victim of Identify Theft*](#)
- [Payday Lending: *Payday Lending Fact Sheet from the California Department of Corporations*](#)
- [FDIC Issues Special Alert on Counterfeit Cashier's Checks](#)
- [Fannie Mae Foundation Report - *Low-Income and Minority Families Rely Increasingly on High-Cost Financial Services*](#)

Contact Us

www.dfi.ca.gov

111 Pine Street, Suite 1100
San Francisco, CA 94111-5613
(415) 263-8500

300 S. Spring Street, Suite 15513
Los Angeles, CA 90013-1204
(213) 897-2085

801 K Street, Suite 2124
Sacramento, CA 95814
(916) 322-5966

9609 Waples Street, Suite 100
San Diego, CA 92121
(858) 642-4242

